

**12-43.3-202(1) (b) (I)**

PROMULGATE SUCH RULES AND SUCH SPECIAL RULINGS AND FINDINGS AS NECESSARY FOR THE PROPER REGULATION AND CONTROL OF THE CULTIVATION, MANUFACTURE, DISTRIBUTION, AND SALE OF MEDICAL MARIJUANA AND FOR THE ENFORCEMENT OF THIS ARTICLE. A COUNTY, MUNICIPALITY, OR CITY AND COUNTY THAT HAS ADOPTED A TEMPORARY MORATORIUM REGARDING THE SUBJECT MATTER OF THIS ARTICLE SHALL BE SPECIFICALLY AUTHORIZED TO EXTEND THE MORATORIUM UNTIL THE EFFECTIVE DATE OF THE RULES ADOPTED BY THE DEPARTMENT OF REVENUE IN ACCORDANCE WITH THIS ARTICLE.

**(2) (a)** RULES PROMULGATED PURSUANT TO PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION MAY INCLUDE, BUT NEED NOT BE LIMITED TO, THE FOLLOWING SUBJECTS:

(I) COMPLIANCE WITH, ENFORCEMENT OF, OR VIOLATION OF ANY PROVISION OF THIS ARTICLE, OR ANY RULE ISSUED PURSUANT TO THIS ARTICLE, INCLUDING PROCEDURES AND GROUNDS FOR DENYING, SUSPENDING, FINING, RESTRICTING, OR REVOKING A STATE LICENSE ISSUED PURSUANT TO THIS ARTICLE;

(II) SPECIFICATIONS OF DUTIES OF OFFICERS AND EMPLOYEES OF THE STATE LICENSING AUTHORITY;

(III) INSTRUCTIONS FOR LOCAL LICENSING AUTHORITIES AND LAW ENFORCEMENT OFFICERS;

(IV) REQUIREMENTS FOR INSPECTIONS, INVESTIGATIONS, SEARCHES, SEIZURES, AND SUCH ADDITIONAL ACTIVITIES AS MAY BECOME NECESSARY FROM TIME TO TIME;

\* (V) CREATION OF A RANGE OF PENALTIES FOR USE BY THE STATE LICENSING AUTHORITY;

\* (VI) PROHIBITION OF MISREPRESENTATION AND UNFAIR PRACTICES;

\* (VII) CONTROL OF INFORMATIONAL AND PRODUCT DISPLAYS ON LICENSED PREMISES;

\* (VIII) DEVELOPMENT OF INDIVIDUAL IDENTIFICATION CARDS FOR

OWNERS, OFFICERS, MANAGERS, CONTRACTORS, EMPLOYEES, AND OTHER SUPPORT STAFF OF ENTITIES LICENSED PURSUANT TO THIS ARTICLE, INCLUDING A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK AS MAY BE REQUIRED BY THE STATE LICENSING AUTHORITY PRIOR TO ISSUING A CARD;

\* (IX) IDENTIFICATION OF STATE LICENSEES AND THEIR OWNERS, OFFICERS, MANAGERS, AND EMPLOYEES;

(X) SECURITY REQUIREMENTS FOR ANY PREMISES LICENSED PURSUANT TO THIS ARTICLE, INCLUDING, AT A MINIMUM, LIGHTING, PHYSICAL SECURITY, VIDEO, ALARM REQUIREMENTS, AND OTHER MINIMUM PROCEDURES FOR INTERNAL CONTROL AS DEEMED NECESSARY BY THE STATE LICENSING AUTHORITY TO PROPERLY ADMINISTER AND ENFORCE THE PROVISIONS OF THIS ARTICLE, INCLUDING REPORTING REQUIREMENTS FOR CHANGES, ALTERATIONS, OR MODIFICATIONS TO THE PREMISES;

(XI) REGULATION OF THE STORAGE OF, WAREHOUSES FOR, AND TRANSPORTATION OF MEDICAL MARIJUANA;

(XII) SANITARY REQUIREMENTS FOR MEDICAL MARIJUANA CENTERS, INCLUDING BUT NOT LIMITED TO SANITARY REQUIREMENTS FOR THE PREPARATION OF MEDICAL MARIJUANA-INFUSED PRODUCTS;

(XIII) THE SPECIFICATION OF ACCEPTABLE FORMS OF PICTURE IDENTIFICATION THAT A MEDICAL MARIJUANA CENTER MAY ACCEPT WHEN VERIFYING A SALE;

(XIV) LABELING STANDARDS;

(XV) RECORDS TO BE KEPT BY LICENSEES AND THE REQUIRED AVAILABILITY OF THE RECORDS;

\* (XVI) STATE LICENSING PROCEDURES, INCLUDING PROCEDURES FOR RENEWALS, REINSTATEMENTS, INITIAL LICENSES, AND THE PAYMENT OF LICENSING FEES;

(XVII) THE REPORTING AND TRANSMITTAL OF MONTHLY SALES TAX PAYMENTS BY MEDICAL MARIJUANA CENTERS;

\* (XVIII) AUTHORIZATION FOR THE DEPARTMENT OF REVENUE TO

HAVE ACCESS TO LICENSING INFORMATION TO ENSURE SALES AND INCOME TAX PAYMENT AND THE EFFECTIVE ADMINISTRATION OF THIS ARTICLE;

- \* (XIX) AUTHORIZATION FOR THE DEPARTMENT OF REVENUE TO ISSUE ADMINISTRATIVE CITATIONS AND PROCEDURES FOR ISSUING, APPEALING AND CREATING A CITATION VIOLATION LIST AND SCHEDULE OF PENALTIES; AND
- \* (XX) SUCH OTHER MATTERS AS ARE NECESSARY FOR THE FAIR, IMPARTIAL, STRINGENT, AND COMPREHENSIVE ADMINISTRATION OF THIS ARTICLE.

(b) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED AS DELEGATING TO THE STATE LICENSING AUTHORITY THE POWER TO FIX PRICES FOR MEDICAL MARIJUANA.

(c) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED TO LIMIT A LAW ENFORCEMENT AGENCY'S ABILITY TO INVESTIGATE UNLAWFUL ACTIVITY IN RELATION TO A MEDICAL MARIJUANA CENTER, OPTIONAL PREMISES CULTIVATION OPERATION, OR MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER. A LAW ENFORCEMENT AGENCY SHALL HAVE THE AUTHORITY TO RUN A COLORADO CRIME INFORMATION CENTER CRIMINAL HISTORY RECORD CHECK OF A PRIMARY CAREGIVER, LICENSEE, OR EMPLOYEE OF A LICENSEE DURING AN INVESTIGATION OF UNLAWFUL ACTIVITY RELATED TO MEDICAL MARIJUANA.

12-43.3-105 Limited Access areas. All areas of ingress or egress to limited access areas shall be clearly identified as such by a sign as designated by the state licensing authority.

12-43.3-313(1) Unlawful financial assistance. The SLA shall require a complete disclosure of all persons having a direct or indirect financial interest, and the extent of such interest, in each license issued.

12-43.3-401 (1)(d) Occupational licenses and registrations for owners, managers, operators, employees, contractors, and other support staff employed by, working in, or having access to restricted areas of the licensed premises, as determined by the SLA.

12-43.3-401(2) Must collect and remit sales taxes.

12-43.3-402 Identification clarification needed

12-43.3-404 Sanitary requirements

12-43.3-404(5) Packaging

12-43.3-404(8) May not sell any marijuana it cultivates.....

POS Accountability

Web based system

Tracking (cut, dry, package timeframes, etc.)

Inventory

Weight discrepancies/variance

By product waste

(I) COMPLIANCE WITH, ENFORCEMENT OF, OR VIOLATION OF ANY PROVISION OF THIS ARTICLE, OR ANY RULE ISSUED PURSUANT TO THIS ARTICLE, INCLUDING PROCEDURES AND GROUNDS FOR DENYING, SUSPENDING, FINING, RESTRICTING, OR REVOKING A STATE LICENSE ISSUED PURSUANT TO THIS ARTICLE;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-\_\_\_\_\_.**

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(XX) requires the state licensing authority to address such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this article. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3 - \_\_\_\_\_Engaging in Business.**

No person shall engage in the business of cultivating, possessing, selling, offering to sell medical marijuana unless said person is duly licensed.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212  
Regulation 43.3-600**

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. §12-43.3-202(2)(a)(I) requires the state licensing authority to create procedures and grounds for denying, suspending, fining, restricting, or revoking a state license issued pursuant to this article. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3-600. Complaints against licensees - Suspension and Revocation of Licensees.**

A. Whenever a written complaint is filed with the licensing authority, charging any licensee with a violation of any law or of any of the rules or regulations adopted by the State Licensing Authority, the licensing authority shall determine by investigation or otherwise the probable truth of such charges.

B. If the licensing authority has probable cause to believe that a licensee has violated any such law, rule or regulation, the licensing authority shall issue and cause to be served upon such licensee a notice of hearing and order to show why its license should not be suspended or revoked.

C. A hearing shall be held at a place and time designated by the licensing authority on the day stated in the notice, or upon such other day as may be set for good cause shown. Evidence in support of the charges shall be given first, followed by cross-examination of those testifying thereto. The licensee, in person or by counsel, shall then be permitted to give evidence in defense and in explanation, and shall then be allowed to give evidence and statements in mitigation of the charges. In the event the licensee is found to have committed the violation charged or any other violation, evidence and statements in aggravation of the offense shall also be permitted.

D. If the evidence presented at the hearing does not support the charges stated in the notice and order served upon the licensee, but standing alone establishes the guilt of the licensee of a violation of some other law, rule or regulation, the licensee shall be permitted to give evidence and statement in defense, explanation and mitigation if then prepared to do so. If such evidence is not then available, but can be obtained by the licensee, the licensee shall state the substance thereof and upon his request the hearing may be recessed for not more than ten days, and shall then continue under the same procedure as through no recess had occurred.

E. In the event the licensee is found not to have violated any law, rule or regulation, the charges against him will be dismissed. If the licensee is found to have violated some law, rule or regulation, his license may be suspended or revoked.

F. Every licensee whose license has been suspended by any licensing authority shall, if ordered by the licensing authority, post two notices in conspicuous places, one on the exterior and one on the interior of its premises, for the duration of the suspension. The notices shall be two feet in length and fourteen inches in width containing lettering not less 1/2" in height, and shall be in the following form:



**NOTICE OF SUSPENSION  
MEDICAL MARIJUANA LICENSES ISSUED  
FOR THESE PREMISES HAVE BEEN  
SUSPENDED BY ORDER OF THE STATE OR LICENSING AUTHORITY  
FOR VIOLATION OF THE COLORADO MEDICAL MARIJUANA CODE**

Advertising or posting signs to the effect that the premises have been closed or business suspended for any reason other than by order of the licensing authority suspending the medical marijuana license, shall be deemed a violation of this rule. G. During any period of active license suspension, when such suspension has not otherwise been stayed by the licensing authority through the payment of a fine pursuant to section 12-43.3-601(3) through (7), C.R.S. the licensee shall not permit the selling, serving, giving away, distribution or possession of medical marijuana on the licensed premises.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3-602. Temporary-Summary Suspension**

A. Where the licensing authority has reasonable grounds to believe and finds that a licensee has been guilty of a deliberate and willful violation of any applicable law or regulation or that the public health, safety or welfare imperatively requires emergency action and incorporates such findings in its order, it may temporarily or summarily suspend the license pending proceedings for suspension or revocation which shall be promptly instituted and determined.

B. The temporary suspension of a license without notice pending any prosecution, investigation, or public hearing shall be for a period not to exceed fifteen days.

(II) SPECIFICATIONS OF DUTIES OF OFFICERS AND EMPLOYEES OF  
THE STATE LICENSING AUTHORITY;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§16-2.5-121, §16-2.5-245.5, §12-43.3-201, §12-43.3-901, and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(II) requires the state licensing authority to prepare specifications of duties of officers and employees of the state licensing authority; and §12-43.3-202(2)(a)(XX) requires the state licensing authority to address such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this article. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Reg. \_\_\_\_\_, Duties of Inspectors and Police Officers**

The inspectors of the medical marijuana enforcement division and their supervisors, while actually engaged in performing their duties and while acting under proper orders or regulations, shall have and exercise all the powers vested in peace officers of this state. In the exercise of their duties, such inspectors and their supervisors shall have the power to arrest. Such inspectors and their supervisors shall also have the authority to issue summons for violations of the provisions of this article and other criminal offenses found in Title 18 of the Colorado Revised Statutes.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(II) requires the state licensing authority to prepare specifications of duties of officers and employees of the state licensing authority; and §12-43.3-202(2)(a)(XX) requires the state licensing authority to address such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this article. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3-200. Declaratory Orders Concerning the Colorado Medical Marijuana Code.**

A. Any person may petition the Medical marijuana Enforcement Division of the Colorado Department of Revenue for a statement of position concerning the applicability of the petitioner of any provision of the Colorado Medical Marijuana Code, or any regulation of the state licensing authority. The Division shall respond with a written statement of position within thirty days of receiving such petition.

B. Any person who has petitioned the Division for a statement of position and who is dissatisfied with the statement of position or who has not received a response within thirty days, may petition the state licensing authority for a declaratory order pursuant to section 24-4-105(11) C.R.S. Any petitioner who has not received a statement of position within thirty days may petition the state licensing authority at any time thereafter. Such petition shall set forth the following:

1. The name and address of the petitioner, whether the petitioner is licensed pursuant to the Colorado Medical Marijuana Code and if so, the type of license and address of the licensed premises.
2. The statute, rule or order to which the petition relates.
3. A concise statement of all of the facts necessary to show the nature of the controversy or the uncertainty as to the applicability to the petitioner of the statute, rule or order to which the petition relates.
4. A concise statement of the legal authorities, if any, and such other reasons upon which petitioner relies.
5. A concise statement of the declaratory order sought by the petitioner.

C. The state licensing authority will determine, in its discretion without prior notice to the petitioner, whether to entertain any petition. If the state licensing authority decides it will not entertain a petition, it shall promptly notify the petitioner in writing of its decision and the reasons for that decision. Any of the following grounds may be sufficient reason to refuse to entertain a petition:

1. The petitioner has failed to petition the division for a statement of position, or if a statement of position has been issued, the petition for declaratory order was filed with the state licensing authority more than thirty days after issuance of the statement of position.
2. A ruling on the petition will not terminate the controversy nor remove uncertainties concerning the applicability to petitioner of the statute, rule or order in question.
3. The petition involves a subject, question or issue which is currently involved in a pending hearing before the state or any local licensing authority, or which is involved in an on-going investigation conducted by the Division or which is involved in a written complaint previously filed with the state licensing authority.
4. The petition seeks a ruling on a moot or hypothetical question, having no applicability to the petitioner.
5. Petitioner has some other adequate legal remedy, other than an

action for declaratory relief pursuant to Colo R. Civ. 57, which will terminate the controversy or remove any uncertainty concerning applicability of the statute, rule or order.

D. If the state licensing authority determines that it will entertain the petition for declaratory order, it shall promptly so notify the petitioner, and the following procedures shall apply:

1. The state licensing authority may expedite the hearing, where the interests of the petitioner will not be substantially prejudiced thereby, by ruling on the basis of the facts and legal authority presented in the petition, or by requesting the petitioner or the Medical Marijuana Enforcement Division to submit additional evidence and legal argument in writing.
2. In the event the state licensing authority determines that an evidentiary hearing or legal argument is necessary to a ruling on the petition, a hearing shall be conducted in conformance with section 24-4-105, C.R.S.
3. In ruling on a petition, the state licensing authority may take administrative notice of general, technical or scientific facts within its knowledge, so long as the fact is specified in the record or is brought to the attention of the parties before final decision and every party is afforded an opportunity to controvert the fact so noticed.
4. Every declaratory order shall be promptly decided and issued in writing, specifying the basis in fact and law for the order.
5. The parties to any proceeding pursuant to this rule shall be the petitioner and the Medical Marijuana Enforcement Division. Any other interested person may seek leave of the state licensing authority to intervene in the proceeding and such leave may be granted if the licensing authority determines that such intervention will make unnecessary a separate petition for declaratory order by the interested person.
6. The declaratory order shall constitute agency action subject to judicial review pursuant to section 24-4-106 C.R.S..

E. A copy of any petition for a statement of position to the Medical Marijuana Enforcement Division and of any petition for a declaratory order to the state licensing authority shall be mailed, on the same day that the petition is filed with the Division or authority, to the individual county or municipality within which the petitioner's licensed premises, or premises proposed to be licensed, are located. Any petition filed with the Division or authority shall contain a certification that the mailing requirements of this paragraph have been met.

F. Files of all requests, statements of position, and declaratory orders will be maintained by the Medical Marijuana Enforcement Division. Except with respect to any material required by law to be kept confidential, such files shall be available for public inspection.



(III) INSTRUCTIONS FOR LOCAL LICENSING AUTHORITIES AND LAW  
ENFORCEMENT OFFICERS;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(III) requires the state licensing authority to provide instructions for local licensing authorities and law enforcement officers and §12-43.3-202(2)(a)(XX) requires the state licensing authority to address such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this article. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3-300. Change in Class of License.**

A request for a change in the class of license from that presently held by a licensee shall be considered as an application for a new license.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

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**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(III) requires the state licensing authority to provide instructions for local licensing authorities and law enforcement officers and §12-43.3-202(2)(a)(XX) requires the state licensing authority to address such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this article. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

### **Regulation 43.3-304. Transfer of Ownership and changes in licensed entities.**

#### **A. Corporations and limited liability companies**

1. If the applicant for any license under Article 43.3 of Title 12, C.R.S., is a corporation or limited

liability company, it shall submit with the application the names, addresses, and Key/Associated persons background forms of all of its principal officers, directors, or managers, and a copy of its articles of incorporation or articles of organization; and evidence of its qualification to do

business within this State. In addition, each applicant shall submit the names, addresses and

Key/Associated persons background forms of all persons owning any of the outstanding or issued capital stock, or of any persons holding a membership interest.

2. Any transfer of capital stock or any change in principal officers or directors of any corporation

holding a license under the provisions of the Colorado Medical Marijuana Code shall be reported to the respective licensing authorities at least thirty (30) days prior to such transfer

or change. With the report, the licensee shall submit the names, addresses, and Key/Associated persons background forms for any new officer, director, or stockholder acquiring any outstanding capital stock.

3. Any transfer of membership interest or any change in managers of any limited liability company

holding a license shall be reported to the respective licensing authorities at least thirty (30) days

prior to such transfer or change. With the report, the licensee shall submit the names, addresses,

and Key/Associated persons background forms for any new manager, or member acquiring a membership interest.

#### **B. Partnerships.**

1. If the applicant for any license under Article 43.3 of Title 12, C.R.S., is a general partnership, limited partnership, limited liability partnership, or limited liability limited partnership, it shall submit with the application the names, addresses, and Key/Associated persons background forms of all of its partners and a copy of its partnership agreement

2. Any transfer of partnership interest or any change in general or managing partners of any

partnership holding a license shall be reported to the respective licensing authorities at least thirty

(30) days prior to such transfer of change. With the report, the licensee shall submit the names,

addresses, and Key/Associated persons background forms for any new partner, or any other

partner acquiring a partnership interest.

C. Entity Conversions

1. Any licensee that qualifies for an entity conversion pursuant to sections 7-90-201, C.R.S., et. seq., shall not be required to file a transfer of ownership application pursuant to section 12-43.3-309, C.R.S., upon statutory conversion, but shall submit a report containing suitable evidence of its intent to convert at least thirty (30) days prior to such conversion. Such evidence shall include, but not be limited to, any conversion documents or agreements for conversion at least ten (10) days prior to the date of recognition of conversion by the Colorado Secretary of State. In addition, at least thirty (30) days prior to the date of the conversion, the licensee shall submit the names, addresses, and Key/Associated persons background forms of any new officers, directors, managers, general or managing partners, and all persons having an ownership interest.

D. All reports required by this regulation shall be made on forms supplied by the Department of Revenue, Medical Marijuana Enforcement Division.

E. No application for a transfer of ownership may be received or acted upon by either the state or local licensing authority if the previous licensee has surrendered its license and had it canceled by either authority prior to submission of the transfer application. In cases where cancellation has occurred prior to the submission of a transfer of ownership application, the license applicant shall follow the procedures for a new license application pursuant to section 12-43.3-305, C.R.S.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(III) requires the state licensing authority to provide instructions for reporting requirements for changes, alterations, or modifications to the premises. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3-302. Changing, Altering, or Modifying Licensed Premises.**

A. After issuance of a license, the licensee shall make no physical change, alteration or modification of the licensed premises which materially or substantially alters the licensed

premises or the usage of the licensed premises from the plans and specifications submitted at the time of obtaining the original license without the prior written consent of the local and state licensing authorities. For purposes of this regulation, physical changes, alterations or

modifications of the licensed premises, or in the usage of the premises requiring prior written

consent, shall include, but not be limited to, the following:

1. Any increase or decrease in the total size or capacity of the licensed premises.
2. The sealing off, creation of or relocation of a common entryway, doorway, passage or other

such means of public ingress and/or egress, when such common entryway, doorway or passage alters or changes the cultivation, harvesting of, or sale or distribution of medical marijuana within the licensed premises.

3. Any substantial or material enlargement of a sales counter, or relocation of a sales counter, or addition of a separate sales counter.

4. Any material change in the interior of the premises that would affect the basic character of the premises or the physical structure that existed in the plan on file with the latest prior application.

The foregoing shall not apply to painting and redecorating of premises; the installation or

replacement of electric fixtures or equipment; the lowering of ceiling; the installation and replacement of floor coverings; the replacement of furniture and equipment, and other similar

changes, nor to any non structural remodeling of a licensee's premises where the remodel does not expand the existing approved areas.

B. In making its decision with respect to any proposed changes, alterations or modifications, the licensing authority must consider whether the premises, as changed, altered or modified, will meet all of the pertinent requirements of the Colorado Medical Marijuana Code and the Regulations promulgated there under. Factors to be taken into account by the licensing authority include, by way of illustration but not limited to, the following:

1. The possession, by the licensee, of the changed premises by ownership, lease, rental or other arrangement.
2. Compliance with the applicable zoning laws of the municipality, city and county or county.
3. Compliance with the distance prohibition in regard to any public or parochial school or the principal campus of any college, university, or seminary.
4. The legislative declaration that the Colorado Medical Marijuana Code is an exercise of the

police powers of the state for the protection of the economic and social welfare and the health, peace, and morals of the people of this state.

C. If permission to change, alter or modify the licensed premises is denied, the licensing authority shall give notice in writing and shall state grounds upon which the application was denied. The licensee shall be entitled to a hearing on the denial if a request in writing is made to the licensing authority within fifteen days after the date of notice.



**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(III) requires the state licensing authority to provide instructions for local licensing authorities and law enforcement officers; and §12-43.3-202(2)(a)(XVI) requires the state licensing authority to provide state licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3-306. Change of Trade Name.**

No licensee shall change the name or trade name of the licensed premises without submitting written notice to the local and state licensing authorities at least ten (10) days prior to the change.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(III) requires the state licensing authority to provide instructions for local licensing authorities and law enforcement officers; and §12-43.3-202(2)(a)(XVI) requires the state licensing authority to provide state licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

### **Regulation 43.3-310. Application - General Provisions.**

A. All applications for state licenses authorized pursuant to section 12-43.3-401, C.R.S., shall be made upon forms prescribed by the Department of Revenue, Medical Marijuana Enforcement Division. No application will be considered which is not complete in every material detail, nor which is not accompanied by a remittance in full for the whole amount of the annual state application and license fees. Each application for a new license shall contain a report of the local licensing authority of the town, city, county, or city and county in which the applicant proposes to conduct its business, which report shall certify compliance with Article 43.3 of Title 12, C.R.S., and a written approval of the local licensing authority.

B. If the applicant for a license is a partnership, except as between a husband and wife, it shall submit with the application a certificate of co-partnership.

C. Upon request of any licensing authority, each applicant for license shall provide suitable additional evidence of its citizenship, residence, and good character and reputation, and licensees shall also submit upon request of any licensing authority all required information concerning financial and management associations and interests of other persons in the business, and the deed, lease, contract, or other document governing the terms and conditions of occupancy of the premises licensed or proposed to be licensed.

D. All information submitted to any licensing authority, by application for license or otherwise, shall be given fully, faithfully, truthfully and fairly.

E. When the state licensing authority is required to make a determination as to the character, record and reputation of existing licensees or applicants for new licenses, including transfers of ownership of existing licenses, the authority may consider the following factors, which may include but not be limited to:

1. The applicant or licensee has submitted false applications, made willful misrepresentations and/or committed fraudulent acts;
2. The applicant or licensee has a history of crimes of moral turpitude. By way of example, crimes of moral turpitude shall include but not be limited to: murder, burglary, robbery, arson kidnapping, sexual assault, illegal drugs or narcotics convictions;
3. The applicant or licensee has had previous licenses denied, suspended or revoked as a result of violations of law;
4. The applicant or licensee has been found to be delinquent in the payment of any state or local taxes, and record of such tax delinquency has been filed in a court having jurisdiction, or has been made a public record by some other lawful means;
5. The applicant or licensee has committed statutory violations resulting in the suspension, revocation or denial of any other professional license. For purpose of this section, the suspension or revocation or a state-issued driver's license shall not be considered.

F. Pursuant to section 24-5-101, C.R.S., when making a determination as to the character, record or reputation of a licensee or applicant as required by Article 43.3 of

Title 12 ,C.R.S., the licensing authority shall also consider evidence of rehabilitation. Such evidence may include, but not be limited to, evidence of no criminal history, educational achievements, financial solvency, community standing, lack of additional arrests or convictions, or the lack of parole or probation violations since the last conviction.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201, §12-43.3-202(a)(III), §12-43.3-310(13)(a), 12-43.3-310(13)(b) (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(III) requires the state licensing authority to provide instructions for local licensing authorities and law enforcement officers. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

### **Regulation 43.3-312. Change of Location**

A. In the event any licensee licensed pursuant to section 12-43.3-401(1)(a), (b), or (c), C.R.S., desires to change its place of business from that named in an existing license, it shall make application to the MED for permission to change location to the place where such license is to be exercised.

B. Each such application shall be made upon forms prescribed by the , shall be verified, and shall be complete in every detail. Each such application shall show thereon the reason for requesting such change, and in case of a retail license, shall be supported by evidence that the application complies with any local requirements of the neighborhood in the vicinity of the new location. In the case of the change of location of a license, each such application shall contain a report of the local licensing authority of the town, city, county, or city and county in which the license is to be exercised, which report shall show the opinion of the local licensing authority with respect to the new location

C. No change of location shall be permitted until after the MED considers the application and such additional information as it may require, and issues to the applicant a permit for such change. The permit shall be effective on the date of issuance, and the licensee shall, within sixty (60) days, change the location of its business to the place specified therein and at the same time cease to conduct the sale of medical marijuana from the former location. The permit shall be conspicuously displayed at the new location, immediately adjacent to the license to which it pertains.

D. No change of location will be allowed except to another place within the same city, town, county or city and county in which the license as originally issued was to be exercised.

E. Upon application for change of location, public notice shall be required by the local licensing authority in accordance with section 12-43.3-302, C.R.S.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201, §12-43.3-202, §12-43.3-401(1)(a)(b)(c), (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. . During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact



**Regulation 43.3-424. Engaging in Business.**

No person shall engage in the business of selling, offering to sell, or soliciting non patient orders for Medical Marijuana from any Colorado licensed Medical Marijuana Center or Infused Products Manufacturing licensee except and unless said person is a duly licensed Colorado Medical Marijuana Center or Infused Products Manufacturing Licensee as required by the laws of the State of Colorado.



(IV) REQUIREMENTS FOR INSPECTIONS, INVESTIGATIONS, SEARCHES, SEIZURES, AND SUCH ADDITIONAL ACTIVITIES AS MAY BECOME NECESSARY FROM TIME TO TIME;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(IV) requires the state licensing authority to establish requirements for inspections, investigations, searches, seizures, and such additional activities as may become necessary from time to time. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3-926. Interference with Officers.**

No licensee or person shall by force or threat of force, including any letter or other communication threatening such force, endeavor to intimidate, obstruct or impede inspectors of the MED, their supervisors, or any peace officers from exercising their duties. The term "threat of force" includes the threat of bodily harm to the officer or to a member of his/her family.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(IV) requires the state licensing authority to establish requirements for inspections, investigations, searches, seizures, and such additional activities as may become necessary from time to time. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

## 12-47-905. Warrants-searches and seizures

(1) If any person makes an affidavit before the judge of any county or district court stating that he or she has reason to and does believe that medical marijuana or edibles, tinctures, oils or other substances containing medical marijuana are being sold, bartered, exchanged, divided, or unlawfully given away, or kept for such purposes, or carried in violation of article 43.3 or title 12, within the jurisdiction of such court, and describing in such affidavit the premises, wagon, automobile, truck, vehicle, contrivance, thing, or device to be searched, the judge of such court shall issue a warrant to any officer, which the complainant may designate, having power to serve original process commanding such officer to search the premises, wagon, automobile, truck, vehicle, contrivance, thing, or device described in such affidavit.

(2) Such warrant shall be substantially as follows:

STATE OF COLORADO

ss.

County of.....)

The People of the State of Colorado to.....

Greeting:

Whereas, there has been filed with the undersigned an affidavit of which the following is a copy:

(Here copy of affidavit)

Therefore you are hereby commanded, in the name of the people of the State of Colorado, forthwith, together with the necessary and proper assistance to enter into

(Here describe place mentioned in the affidavit)

of the said ..... situated in the county of ..... aforesaid and there diligently search for the said medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana, and that you bring the same or any part thereof found in such search, together with such vessels in which such medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana are found and the implements and furniture used in connection therewith, and the wagon, automobile, truck, vehicle, contrivance, thing, or device in which carried, forthwith before me, to be disposed of and dealt with according to law.

Given under my hand and seal this ..... day of ....., ..... .....

Judge of the ..... Court

- (3) The officer charged with the execution of said warrant, when necessary to obtain entrance or when entrance has been refused, may break open any premises, wagon, automobile, truck, vehicle, contrivance, thing, or device which by said warrant the officer is directed to search and may execute said warrant any hour of the day or night.



**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(IV) requires the state licensing authority to establish requirements for inspections, investigations, searches, seizures, and such additional activities as may become necessary from time to time. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

### **43.3-906, Return on Warrant-sale of medical marijuana seized**

(1) If any medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana are there found, said officer shall seize the same and the vessels in which they are contained and all implements and furniture used or kept in connection with such medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana in the illegal selling, bartering, exchanging, giving away, or carrying of same, and any wagon, automobile, truck, vehicle, contrivance, thing, or device used in conveying the same, and safely keep them and make immediate return on such warrant. Such property shall not be taken from the custody of any officer seizing or holding the same by writ of replevin or other process while the proceedings relating thereto are pending.

(2) Final judgment of conviction in such proceedings shall be a bar to any suit for the recovery of any such property so seized or the value of same or for damages alleged to arise by reason of such seizure and detention. The judgment entered shall find said medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana to be unlawful and shall direct its destruction or sale forthwith, in the manner provided by subsection (6) of this section. The wagon, automobile, truck, vehicle, contrivance, thing, or device, vessels, implements, and furniture shall likewise be ordered disposed of in the same manner as personal property is sold under execution, and the proceeds there from applied, first in the payment of the cost of the prosecution and of any fine imposed, and the balance, if any, paid into the general fund of the county in which such conviction is had.

(3) The officer serving the warrant shall forthwith proceed in the manner required for the institution of a criminal action in the court issuing the warrant, charging such violation of law as the evidence in the case justifies. If such officer refuses or neglects to so proceed, then the person filing the affidavit for the search warrant, or any other person, may so proceed.

(4) If, during the trial of a person charged with a violation of this article, the evidence presented discloses that medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana fluids were burnt or otherwise destroyed, manifestly for the purpose of preventing seizure, said residue of medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana shall be held to be prima facie to contain medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana for unlawful use, sale, barter, exchange, or gift.

(5) If no person is in possession of the premises where illegal medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana are found, the officer seizing such medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana shall post in a conspicuous place on said premises a copy of the warrant, and if at the time fixed for any hearing concerning the medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana seized, or within thirty days thereafter, no person appears, the court in which the hearing was to

be held shall order such medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana destroyed or sold in the manner provided in subsection (6) of this section.

(6) Any sale of contraband upon order of court pursuant to this section shall be conducted in the following manner:

(a) The officer ordered by the court to conduct the sale shall give notice of the time and place of the sale by posting a notice in a prominent place in the county for a period of five consecutive days prior to the day of the sale. The notice shall describe as fully as possible the property to be sold and shall state the time and place of the sale.

(b) The sale shall be conducted as a public auction in some suitable public place on the specified day at some time between the hours of 9 a.m. and 5 p.m., and the time chosen for the sale shall be indicated in the notice.

(c) No medical marijuana shall be sold at any time.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(IV) requires the state licensing authority to establish requirements for inspections, investigations, searches, seizures, and such additional activities as may become necessary from time to time. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

### **43.3-907, Loss of Property Rights**

There shall be no property rights of any kind in any medical marijuana, edibles, tinctures, oils or other substances containing medical marijuana, vessels, appliances, fixtures, bars, furniture, implements, wagons, automobiles, trucks, vehicles, contrivances, or any other things or devices used in or kept for the purpose of violating any of the provisions of article 43.3 of title 12, C.R.S.

(V) CREATION OF A RANGE OF PENALTIES FOR USE BY THE STATE  
LICENSING AUTHORITY;

(VI) PROHIBITION OF MISREPRESENTATION AND UNFAIR PRACTICES;

(VII) CONTROL OF INFORMATIONAL AND PRODUCT DISPLAYS ON  
LICENSED PREMISES;



(VIII) DEVELOPMENT OF INDIVIDUAL IDENTIFICATION CARDS FOR OWNERS, OFFICERS, MANAGERS, CONTRACTORS, EMPLOYEES, AND OTHER SUPPORT STAFF OF ENTITIES LICENSED PURSUANT TO THIS ARTICLE, INCLUDING A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK AS MAY BE REQUIRED BY THE STATE LICENSING AUTHORITY PRIOR TO ISSUING A CARD;

(IX) IDENTIFICATION OF STATE LICENSEES AND THEIR OWNERS, OFFICERS, MANAGERS, AND EMPLOYEES;

(X) SECURITY REQUIREMENTS FOR ANY PREMISES LICENSED PURSUANT TO THIS ARTICLE, INCLUDING, AT A MINIMUM, LIGHTING, PHYSICAL SECURITY, VIDEO, ALARM REQUIREMENTS, AND OTHER MINIMUM PROCEDURES FOR INTERNAL CONTROL AS DEEMED NECESSARY BY THE STATE LICENSING AUTHORITY TO PROPERLY ADMINISTER AND ENFORCE THE PROVISIONS OF THIS ARTICLE, INCLUDING REPORTING REQUIREMENTS FOR CHANGES, ALTERATIONS, OR MODIFICATIONS TO THE PREMISES;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(X) requires the state licensing authority to establish security requirements for any premises licensed pursuant to this article, including at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary to the state licensing authority to properly administer and enforce the provisions of this article, including reporting requirements for changes, alterations, or modifications to the premises. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

## **Specifications for video surveillance and recording of Medical Marijuana Licensed Premises as defined in 12-43.3-401 C.R.S.**

This regulation outlines the functional and performance requirements for a complete video surveillance and recording system within all medical marijuana licensed premises as deemed necessary to ensure control by the State of Colorado. This specification includes image acquisition, video recording, management and monitoring hardware and support systems.

All systems shall be subject to the approval of (MED).

### **SURVEILLANCE SYSTEM STANDARDS**

#### **A. GENERAL**

Surveillance system standards apply to all licensed categories in section 12-43.3-401, C.R.S. in which medical marijuana is possessed, stored, grown, harvested, cultivated, cured, sold, or where laboratory analysis is performed.

Licensees with limited access areas as defined in Article 43.3 of Title 12, C.R.S., shall be required to install a video surveillance and camera recording system that is fully digital and meets the requirements outlined in this section by July 1, 2011.

All surveillance systems and camera coverage areas must be physically inspected for compliance and receive approval from the MED prior to being utilized. After the initial approval, the licensee and the MED shall approve all modifications to any approved cameras prior to any changes.

All personnel installing, cleaning, maintaining and repairing surveillance equipment on site must be licensed by the MED.

Time is to be measured in accordance with the official United States time established by the National Institute of Standards and Technology and the U.S. Naval Observatory at [www.time.gov](http://www.time.gov).

(Incorporate site by reference in notice???)

Licensees are responsible for ensuring all surveillance equipment is properly functioning and the playback quality meets MED requirements

The licensee must have all documentation, approvals, and variances, or copies thereof, relating to surveillance, kept in a locked area (surveillance room) and all documentation, approvals, and variances, or copies thereof shall be available to the MED upon request.

## **B. DEFINITIONS**

1. Blue-ray Disc – a high-density optical disc format for the storage of digital media, including high-definition video.
2. CIF – **NEED DEFINITION**
3. Critical areas - include all limited access areas, points of ingress/egress and all point of sale areas.
4. DVI – digital visual interface. DVI is a video interface standard designed to maximize the visual quality of digital display devices such as flat panel LCD computer displays and digital projectors.
5. DVR – digital video recorder.
6. Fields – One field is defined as half of one frame.
7. FPS – Frame rate or frame frequency per second. FPS is the measurement of the frequency (rate) at which an imaging device produces unique consecutive images called frames. Each frame consists of two fields.
8. IP – **Internet Protocol address**
9. Megapixel camera – A camera capable of capturing an image containing at least 1 million pixels.
10. Multiplexer - equipment that simultaneously displays and records up to 16 images from up to 16 cameras at a rate of no less than one image per second per camera. Replay must be sufficient to view non-critical areas with enough clarity and speed on replay to view hard and soft drop.
11. NVR - Network Video Recorder
12. PTZ - pan-tilt-zoom camera.
13. Quad - equipment that simultaneously displays four images from four separate sources on a single monitor as it occurs.
14. Size of the monitor – the display area measured diagonally and excludes the cabinet.

15. Stationary cameras – a fixed camera which once installed and approved by the MED, cannot be moved or modified to change the angle or field of view.
16. TVL – Total video lines of resolution.

### **C. SPECIFIC STANDARDS**

Fixed Position Video Cameras will be IP in design and shall meet or exceed the following minimum specifications:

1. 1/4" CCD Image Sensor
2. Minimum 640x480 Resolution
3. Automatic White Balance
4. Automatic Gain Control and Fine Tuning in Low Light Environments
5. Minimum Illumination 1 lux
6. Network Connectivity: RJ-45 respectively.
7. Motion JPEG or H.264 Video Compression
8. Power Requirements: 24 VAC, 12VDC, or 802.3af Power over Ethernet
9. Frame Rate: 30 fps.
10. Outdoor Fixed cameras must meet environmental requirements as necessary to maintain proper operating conditions.

Remote position able Video Cameras will be IP in design and shall meet or exceed the following minimums specifications:

1. Minimum 12x Optical Zoom
2. Minimum 4x Digital Zoom
3. Day/Night Functionality
4. Minimum Illumination of 1 lux Color
5. Minimum Illumination of 0.3 lux B/W
6. 360 Degree pan capability

## D. EQUIPMENT

1. All new and replacement cameras for critical areas and the PTZ cameras within those areas must have a minimum of 450 lines of resolution.
2. Megapixel cameras are allowed, as long as the camera interfaces with the licensee's current surveillance system.
3. At least one 19" or greater call up monitor is required.
4. Analog monitors must have a minimum resolution of 450 TVL; all other monitors must have a minimum resolution of 1280 x 1024.
5. Auto iris lenses are acceptable, if they are properly adjusted at all times except that manual iris lenses, or auto iris lenses with a manual override, are required for PTZ cameras.
6. A real-time quad recorder, when used in critical areas must be displayable on a 19" or greater monitor, and be able to pull up a single camera (live and on playback).
7. The licensee must have a failure notification system that provides an audible and visual notification of any failure in the surveillance system. The notification system must provide an alert to the licensee within five minutes of the failure.
8. One video printer is required. The printer must be able to immediately produce a clear still photo of any camera image, live or on playback. The licensee must be able to immediately produce a clear still photo from any camera image (live or recorded).
9. PTZ cameras must be 360 degree functional in customer areas and must be enclosed in a shaded housing, so that it is hidden from view.
10. Multiplexer video is not authorized for critical areas. The multiplexer must be displayable on a 19" or greater monitor and be able to pull up a single camera live and on playback. After July 1, 2011, the use of multiplexer and quad recorders is not authorized in any area.
11. A date/time must be imbedded on all recordings of customer areas. The date and time must be synchronized and set correctly and must not significantly obscure the picture.
12. All recordings must be erased or destroyed prior to disposal, sale to another licensee or manufacturer, or when discarded by any other means.



## **E. PLACEMENT OF CAMERAS/REQUIRED COVERAGE**

1. All limited access areas, point of sale areas, and all points of ingress/egress to limited access areas and all points of ingress/egress to the exterior of the licensed premises must have camera coverage capable of identifying any activity occurring in or adjacent the licensed premises.
2. A single camera shall be placed at each Point of Sale location allowing for the clear and certain identification of the transacting individual and related identification.
3. A single camera shall be placed at each Point of Sale location allowing for the recording and recognition of any transacting individuals identification and medical marijuana removed from the premises. This will be accomplished by temporarily placing the authorized Identification, and registry card in a 12" x 12" area on the counter top, where they will be captured from the above mounted camera. In addition, all medical marijuana shall be placed on an MED approved and calibrated weight scale so that the amount removed from the licensed premises may be captured from the above mounted camera.
4. All entrances and exits to the facility shall be monitored from both indoor and outdoor vantage points, and capable of clearly identifying the individual entering or exiting the facility.
5. The system shall be capable of clearly identifying any activities occurring within the facility or within the grow rooms in low light conditions.
6. All outdoor optional premises growing areas must meet the same requirements for any other limited access areas or other low light areas.

## **F. OTHER STANDARDS**

1. All camera views of customer areas must be continuously recorded 24 hours a day. The use of motion detection is authorized with a five second pre-event recording with MED approval prior to initial use.
2. All camera views must be able to be viewed and called up on a 19" or greater monitor.
3. Complete index and guide to the center cameras, monitors and controls must be available in the surveillance room. This guide must include a map of the camera locations, direction of coverage, camera numbers and operating instructions for the

surveillance equipment. In addition, for unmanned surveillance rooms, a complete guide showing the chronological order of all POS transactions must be available. The guide should have camera numbers and details of the \_\_\_\_\_.

4. All surveillance recordings in limited access areas must be kept a minimum of 15 days or until document reconciliation's have been completed by MED, whichever is longer, and 10 days for all other areas.
5. Access to surveillance rooms shall be limited to employees that are essential to surveillance operations, law enforcement agencies, service personnel, and others when approved by MED. The surveillance room manager has final authority regarding the authorization of access by center personnel, except when the MED requires or authorizes access. A current list of authorized employees and service personnel that have access to the surveillance room must be posted in the surveillance room.
6. Each center must have a surveillance room in-house. Exceptions would only be for commonly owned centers, which are within the same municipality. The surveillance room must be within one of the commonly owned centers. The center will provide a review station, printer, map of cameras, and communication in the property that does not house the surveillance room if the centers are not contiguous. All equipment and security standards in the review station room will meet the minimum criteria set forth by this section.
7. Surveillance rooms must remain locked and must have room for at least two people to view monitors. Licensees that have other functions housed in the surveillance room must receive MED approval. At least one surveillance camera must be in the surveillance room to record any employee who has access to the non-surveillance equipment.
8. Surveillance recordings and clear still photos must be made available to the MED and law enforcement personnel upon request.
9. Manned surveillance rooms must have the ability to immediately send and receive e-mails of still pictures to the MED for the purpose of disseminating information of suspects involved in illegal activity. The e-mail account cannot be networked with the surveillance system.

#### **G. DIGITAL VIDEO RECORDING AND MANAGEMENT**

1. All video signals shall be recorded in either a DVR or a NVR capable of meeting or exceeding the following specifications.
2. All recorded resolutions for cameras shall be at least 4CIF (704 x 480).
3. All camera recording shall have a recorded frame rate of at least 15 (frames per second) fps when motion is detected in the image.

4. Camera recording may reduce to 1 fps when no motion is detected.
5. Under no circumstances shall a video channel cease to record when no motion is present.
6. Video shall be recorded with acceptable resolution and image quality showing less than 5% of artifacting across the recorded image.
7. All video signals shall be recorded and stored for at least thirty (30) days. The system must be capable of recording for sixty (60) days.
8. The video recording system shall allow for the exporting of still images in an industry standard image format (.jpg, .bmp, .gif, etc.)
9. Recordings must have the ability to be archived to DVD or CD as required.
10. Exported video must have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place.
11. A freely distributable standalone player must be available.
12. Exported video must also have the ability to be saved in an industry standard file format that can be played on a standard PC using either Apple QuickTime or Windows Media Player.

## **H. VIDEO CAMERA HOUSINGS AND MOUNTS**

1. All cameras shall be in a housing coordinated with the facility to ensure proper operation in all anticipated conditions.
2. All housings shall be sufficiently moisture resistant to withstand any environmental conditions expected in their specified location.
3. All cameras located in areas where conditions are subject to extremes temperatures shall be in housings equipped with heaters and/or blowers as required.
4. All housings must allow for sufficient room for ease of servicing and adjustment to each camera.
5. All mounts holding devices exceeding 5 pounds in weight shall be equipped with a safety cable attached to nearby structure.

## **I. CABLING**

1. All cabling for camera transmission should be unshielded twisted pair Category 5e or greater.
2. All cabling shall be Ethernet compliant and shall conform to the Ethernet guidelines for distance and installation.

## **J. REMOTE VIDEO MONITORING AND RETRIEVAL**

1. The NVR system shall be capable of providing remote viewing of both live and recorded video.
2. NVR systems shall be approved by the MED.
3. NVR systems must be capable of recording 4CIF (704x480) resolution.
4. NVR must allow for remote connection and control over IP cameras.
5. Internet Connectivity must allow for at least 384k upstream.
6. Static IP address is required to allow for remote connection to the NVR(s).

## **K. POINT OF SALE INTERGRATION/OVERLAY**

1. The recording and camera system shall be capable of overlaying point of sale data from the on premise point of sale systems on the video
2. The overlay data shall allow for manual verification of the transaction with the associated video.

## **L. POWER BACKUP**

1. All cameras, recording equipment and associated network switching shall have sufficient battery backup to support five (5) minutes of recording in the event of a power outage.

**The MED must have total override capability over all other remote access service equipment located outside of the surveillance room.**

(XI) REGULATION OF THE STORAGE OF, WAREHOUSES FOR, AND  
TRANSPORTATION OF MEDICAL MARIJUANA;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(XI) requires the state licensing authority to ensure regulation of the storage of, warehouses for, and transportation of medical marijuana. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 47-410. Storage-Warehouse Storage Permit.**

A. No medical marijuana shall be stored or kept in or upon any premises which shall not be duly licensed, provided however, that the state licensing authority may issue a warehouse storage permit to licensees for the storage of permitted medical marijuana in one location other than the licensed premises.

B. Title to all medical marijuana stored or kept pursuant to a warehouse storage permit shall be vested in such permit holder.

C. Medical marijuana may not be sold or delivered from the premises used pursuant to a warehouse storage permit.

D. Any licensee obtaining a warehouse storage permit shall provide a copy of said permit to the local licensing authority and display such permit and a copy thereof, in a prominent place within their licensed premises and within the permitted storage premises.

E. Any storage warehouse storing medical marijuana must meet all video and security requirements as any other licensed premises.

F. Any medical marijuana stored in a storage warehouse licensed premises shall be packaged in a see through, sealed container, weighed and recorded on video before it is transported directly to or from the storage warehouse directly from or to the primary licensed premises only. Immediately upon arriving at the licensed premises, all marijuana transported shall again be weighed and accounted for on video.

G. Any discrepancy in weight shall be documented and reported to the MED within twenty-four (24) hours. It shall be unlawful to open a pre-sealed package of medical marijuana except upon the primary licensed premises.

G. Any medical marijuana removed from a Licensee's Optional Premises Cultivation licensed premises may only be transported directly to the Licensee's Medical Marijuana Center or its Infused Products Manufacturer's licensed premises on file and registered as required by law. Said marijuana shall be weighed and prepackaged on video upon the licensed premises before it is transported and shall not be transported in public view. All persons transporting said medical marijuana shall be licensed or registered as provided in section 12-43.3-401 C.R.S.

(XII) SANITARY REQUIREMENTS FOR MEDICAL MARIJUANA  
CENTERS, INCLUDING BUT NOT LIMITED TO SANITARY REQUIREMENTS FOR  
THE PREPARATION OF MEDICAL MARIJUANA-INFUSED PRODUCTS;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(XII) requires the state licensing authority to ensure sanitary requirements for medical marijuana centers, including but not limited to sanitary requirements for the preparation of medical marijuana-infused products. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

### **Regulation 43.3-\_\_\_\_\_ Sanitary requirements (25-4-102 –Sanitary regulations)**

The licensed premises, including all floors, sidewalls, ceilings, furniture, receptacles, utensils, dishes, implements, and machinery of every medical marijuana center, optional premises cultivation operation and any infused products manufacturing facility where medical marijuana is grown, cultivated, manufactured, packed, stored, sold, or distributed, and all cars, trucks, and vehicles used in the transportation of such medical marijuana shall at no time be kept or permitted to remain in an unclean, unhealthful, or unsanitary condition. Unclean, unhealthful, or unsanitary conditions shall be deemed to exist if:

1. Medical marijuana in the process of production, preparation, manufacture, packing, storage, sale, distribution, or transportation is not securely protected from flies, dust, dirt, and all other foreign or injurious contamination, as far as may be necessary by all reasonable means, or if the refuse, dirt, or waste products incident to the manufacture, preparation, packing, selling, distributing, or transportation of such medical marijuana are not removed daily;
2. If all trucks, trays, buckets, or other receptacles, platforms, racks, tables, shelves, and knives, saws, cleavers, or other utensils, or the machinery used in moving, handling, cutting, chopping, mixing, canning, or other processes are not thoroughly cleaned daily;
3. If the clothing or operatives, employees, clerks, or other persons therein employed in unclean;
4. If all dishes, cups, glasses, knives, forks, and spoons are not thoroughly washed in hot or running water and rinsed after each usage;
5. If the dishes, cups, or glasses used are so cracked, chipped, or broken as to be detrimental to health; or
6. If all edible materials (???) are not securely covered.

[Storage of harmful chemicals and cleaning supplies.](#)



(XIII) THE SPECIFICATION OF ACCEPTABLE FORMS OF PICTURE  
IDENTIFICATION THAT A MEDICAL MARIJUANA CENTER MAY ACCEPT WHEN  
VERIFYING A SALE;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(XIII) requires the state licensing authority to establish the specification of acceptable forms of picture identification that a medical marijuana center may accept when verifying a sale. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 47-912. Identification.**

A Licensees shall refuse to sell medical marijuana to any person unable to produce a valid patient registry card and adequate, currently valid identification of age. As long as it contains a picture and date of birth, the kind and type of identification deemed adequate shall be limited to the following:

1. An operator's, chauffeur's or similar type driver's license, issued by any state within the United States, any U.S. Territory.
2. An identification card, issued by any state for the purpose of proof of age as in accordance with sections 42-2-302 and 42-2- 303, C.R.S.
3. A military identification card.

## (XIV) LABELING STANDARDS

### **Statement of Authority, Basis, Purpose, and Fiscal Impact of Proposed Regulation 1 CCR 212**

#### **Regulation 43.3-**

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#### **Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

#### **Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(XIV) requires the state licensing authority to establish labeling standards. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

#### **Fiscal Impact:**

This revision has no fiscal impact

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 §12-43.3-402(7) and (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(XII) requires the state licensing authority to establish sanitary requirements for medical marijuana centers, including but not limited to sanitary requirements for the preparation of medical marijuana-infused products; and §12-43.3-202(2)(a)(XIV) requires the state licensing authority to establish labeling standards. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Regulation 43.3-904. Product Labeling, Substitution, Sampling and Analysis.**

A. No licensee, for the sale of medical marijuana shall sell, transfer or give away any medical marijuana that does not contain a label with a list of all chemical additives, including but not limited to nonorganic pesticides, herbicides, and fertilizers that were used in its cultivation and production.

B. In addition, all labels shall include: (1) the license number of the manufacturer, grower, or center; (2) the date of manufacturer, harvest or sale; (3) strains and license numbers where obtained; and (4) the patient registry number of the purchaser. All “edibles” shall also contain the following statement:

“This product is infused with medical marijuana and was produced without regulatory oversight for health, safety or efficacy and there may be health risks associated with the consumption of the product.”

C. All licensees for the sale of medical marijuana shall, upon request of the MED or any of its officers, make available to the person so requesting a sufficient quantity of such medical marijuana to enable sampling or analysis thereof. The licensee shall be notified of the results of the sampling or analysis without delay.

(XV) RECORDS TO BE KEPT BY LICENSEES AND THE REQUIRED  
AVAILABILITY OF THE RECORDS;

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(XV) requires the state licensing authority to ensure that records are kept by licensees and the required availability of the records. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

B. VIDEO RECORDS (DVR) All video records shall be retained for \_\_\_\_\_ and shall be made available for inspection upon the licensed premises upon demand by any peace officer or agents or the local or state licensing authorities.

(XVI) STATE LICENSING PROCEDURES, INCLUDING PROCEDURES FOR RENEWALS, REINSTATEMENTS, INITIAL LICENSES, AND THE PAYMENT OF LICENSING FEES;



(XVII) THE REPORTING AND TRANSMITTAL OF MONTHLY SALES  
TAX PAYMENTS BY MEDICAL MARIJUANA CENTERS;

Refer to Title 39....

1. Reporting of medical marijuana received or manufactured. Each licensee shall forward to the Department of Revenue on or before the 20th day of the month succeeding the month of receipt or sale of medical marijuana or any other product containing medical marijuana, a completed report. A Manufacturer of Infused Products when engaging in wholesale transactions shall require the use form DR 0445 which shall include the date of receipt, retailer account number and name, invoice number, and the amount received. A separate form shall be submitted for each commodity. Manufacturers shall use this form only if they are acting in a licensed wholesale capacity, and they shall include the amount of product manufactured. Manufacturers and wholesalers shall maintain upon the licensed premises, and make available for inspection by the state licensing authority or other agents of the department, documents or invoices supporting such reports.

(XVIII) AUTHORIZATION FOR THE DEPARTMENT OF REVENUE TO  
HAVE ACCESS TO LICENSING INFORMATION TO ENSURE SALES AND INCOME  
TAX PAYMENT AND THE EFFECTIVE ADMINISTRATION OF THIS ARTICLE;

(XIX) AUTHORIZATION FOR THE DEPARTMENT OF REVENUE TO  
ISSUE ADMINISTRATIVE CITATIONS AND PROCEDURES FOR ISSUING,  
APPEALING AND CREATING A CITATION VIOLATION LIST AND SCHEDULE OF  
PENALTIES; AND

(XX) SUCH OTHER MATTERS AS ARE NECESSARY FOR THE FAIR, IMPARTIAL, STRINGENT, AND COMPREHENSIVE ADMINISTRATION OF THIS ARTICLE.

(b) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED AS  
DELEGATING TO THE STATE LICENSING AUTHORITY THE POWER TO FIX  
PRICES FOR MEDICAL MARIJUANA.

(c) NOTHING IN THIS ARTICLE SHALL BE CONSTRUED TO LIMIT A LAW ENFORCEMENT AGENCY'S ABILITY TO INVESTIGATE UNLAWFUL ACTIVITY IN RELATION TO A MEDICAL MARIJUANA CENTER, OPTIONAL PREMISES CULTIVATION OPERATION, OR MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER. A LAW ENFORCEMENT AGENCY SHALL HAVE THE AUTHORITY TO RUN A COLORADO CRIME INFORMATION CENTER CRIMINAL HISTORY RECORD CHECK OF A PRIMARY CAREGIVER, LICENSEE, OR EMPLOYEE OF A LICENSEE DURING AN INVESTIGATION OF UNLAWFUL ACTIVITY RELATED TO MEDICAL MARIJUANA.

(4) AN APPLICANT SHALL FILE AT THE TIME OF APPLICATION FOR A LOCAL LICENSE PLANS AND SPECIFICATIONS FOR THE INTERIOR OF THE BUILDING IF THE BUILDING TO BE OCCUPIED IS IN EXISTENCE AT THE TIME. IF THE BUILDING IS NOT IN EXISTENCE, THE APPLICANT SHALL FILE A PLOT PLAN AND A DETAILED SKETCH FOR THE INTERIOR AND SUBMIT AN ARCHITECT'S DRAWING OF THE BUILDING TO BE CONSTRUCTED. IN ITS DISCRETION, THE LOCAL OR STATE LICENSING AUTHORITY MAY IMPOSE ADDITIONAL REQUIREMENTS NECESSARY FOR THE APPROVAL OF THE APPLICATION.

Identify all counters, walls, partitions, points of ingress and egress, limited access areas

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-310(11) requires the state licensing authority ensures that a licensee shall report each transfer or change of financial interest in the license to the state and local licensing authorities, thirty days prior to any transfer or change pursuant to section 12-43.3-309. A report shall be required for transfers of capital stock of any corporation regardless of size. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact



(11) A LICENSEE SHALL REPORT EACH TRANSFER OR CHANGE OF FINANCIAL INTEREST IN THE LICENSE TO THE STATE AND LOCAL LICENSING AUTHORITIES, THIRTY DAYS PRIOR TO ANY TRANSFER OR CHANGE PURSUANT TO SECTION 12-43.3-309. A REPORT SHALL BE REQUIRED FOR TRANSFERS OF CAPITAL STOCK OF ANY CORPORATION REGARDLESS OF SIZE.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-202(2)(a)(XX) requires the state licensing authority to address such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this article. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry. Statutory Basis and Purpose: 12-43.3-310, 12-43.3-313 and 12-43.33-201 C.R.S. To define financial assistance and an acceptable owner/manager relationship.

**Fiscal Impact:**

This revision has no fiscal impact

12-43.3-313. Unlawful financial assistance. (1) THE STATE LICENSING AUTHORITY, BY RULE AND REGULATION, SHALL REQUIRE A COMPLETE DISCLOSURE OF ALL PERSONS HAVING A DIRECT OR INDIRECT FINANCIAL INTEREST, AND THE EXTENT OF SUCH INTEREST, IN EACH LICENSE ISSUED UNDER THIS ARTICLE.

NEED BASIS AND PURPOSE INSERTED HERE FOR 304

**Regulation 43.3-313. Unlawful Financial Assistance, Owner-Manager.**

A. Each license must be held by the owner of the licensed establishment. "Owner" means the person or persons whose proprietary interest is such that they bear risk of loss other than as an insurer, and have opportunity to gain profit from operation or sale of the establishment.

In determining who is the owner, elements considered beside risk of loss and opportunity for profit include: (1) Possession (2) who controls the licensee; (3) who guarantees the establishment's debts or production levels; (4) who is beneficiary under the establishment's insurance policies; and (5) who acknowledges liability for federal, state, or local taxes.

B. Owners may hire managers, and managers may be compensated on the basis of profits made, gross or net. A Medical Marijuana Center, Optional Premises or Infused Products Manufacturer license may not be held in the name of the manager.

C. A spouse of a licensee may hold a license in his or her own right if he or she is the owner of the licensed establishment, regardless of whether the spouses file separate or joint income tax returns.

D. A partnership interest, limited or general, a joint venture interest, ownership of a share or shares in a corporation which is licensed, or having a secured interest in furniture, fixtures, equipment or inventory constitutes ownership and a direct financial interest. Unsecured notes or loans shall constitute an indirect financial interest and it shall be unlawful to fail to completely report all financial interests in each license issued.

E. Any person who guarantees production levels, yields, quantities produced or any other obligations of the licensee or its operation shall be deemed to have a financial interest.

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-401(2) requires that all persons licensed pursuant to this article shall collect sales tax on all sales made pursuant to the licensing activities. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-402(4) requires that, notwithstanding the requirements of subsection (3) of this section to the contrary, a medical marijuana licensee may purchase not more than thirty percent of its total on-hand inventory of medical marijuana from another licensed medical marijuana center in Colorado. A medical marijuana center may sell no more than thirty percent of its total on-hand inventory to another Colorado licensed medical marijuana licensee. During the period of August 27, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

(4) NOTWITHSTANDING THE REQUIREMENTS OF SUBSECTION (3) OF THIS SECTION TO THE CONTRARY, A MEDICAL MARIJUANA LICENSEE MAY PURCHASE NOT MORE THAN THIRTY PERCENT OF ITS TOTAL ON-HAND INVENTORY OF MEDICAL MARIJUANA FROM ANOTHER LICENSED MEDICAL MARIJUANA CENTER IN COLORADO. A MEDICAL MARIJUANA CENTER MAY SELL NO MORE THAN THIRTY PERCENT OF ITS TOTAL ON-HAND INVENTORY TO ANOTHER COLORADO LICENSED MEDICAL MARIJUANA LICENSEE.

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of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-404(6) states that a licensed medical marijuana center may provide a small amount of its medical marijuana for testing to a laboratory that is licensed pursuant to the occupational licensing rules promulgated pursuant to section 12-43.3-202(2)(a)(IV). During the period of August 4, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

(6) A LICENSED MEDICAL MARIJUANA CENTER MAY PROVIDE A SMALL AMOUNT OF ITS MEDICAL MARIJUANA FOR TESTING TO A LABORATORY THAT IS LICENSED PURSUANT TO THE OCCUPATIONAL LICENSING RULES PROMULGATED PURSUANT TO SECTION 12-43.3-202 (2) (a) (IV).

Amount – 2 grams, chain of custody...must log out from Center and log in to a licensed Lab. All mmj not used in the testing process must be destroyed, logged into the chain of custody log and accounted for. Records must be available for inspection as required pursuant to Article 43.3 of Title 12. It shall be unlawful to possess any MMJ not properly logged and accounted for as required by this rule.



**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation  
1 CCR 212**

**Regulation 43.3-** \_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-404(4) requires that all licensed premises on which medical marijuana-infused products are manufactured shall meet the sanitary standards for medical marijuana-infused product preparation promulgated pursuant to section 12-43.3-202(2)(a)(XII). During the period of August 4, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

(4) ALL LICENSED PREMISES ON WHICH MEDICAL MARIJUANA-INFUSED PRODUCTS ARE MANUFACTURED SHALL MEET THE SANITARY STANDARDS FOR MEDICAL MARIJUANA-INFUSED PRODUCT PREPARATION PROMULGATED PURSUANT TO SECTION 12-43.3-202 (2) (a)(XII).

**Statement of Authority, Basis, Purpose, and Fiscal Impact  
of Proposed Regulation**

**1 CCR 212**

**Regulation 43.3-**\_\_\_\_\_

**Statutory Authority:**

§12-43.3-201 and §12-43.3-202 (House Bill 10-1284) which became effective on July 01, 2010

**Basis and Purpose:**

To comply with the requirements of House Bill 10-1284 which requires the State Medical Marijuana Licensing Authority to promulgate rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of medical marijuana and the enforcement of Article 43.3 of Title 12, C.R.S. In addition, §12-43.3-404(8) specifies that a medical marijuana-infused products licensee that has an optional premises cultivation license shall not sell any of the medical marijuana that it cultivates. During the period of August 4, 2010 through December 31, 2010, the Medical Marijuana Enforcement Division consulted with interested parties from the medical marijuana industry, the legal profession and local and state government to draft the proposed rules and ensure adequate oversight and regulation of the medical marijuana industry.

**Fiscal Impact:**

This revision has no fiscal impact

(8) A MEDICAL MARIJUANA-INFUSED PRODUCTS LICENSEE THAT HAS AN OPTIONAL PREMISES CULTIVATION LICENSE SHALL NOT SELL ANY OF THE MEDICAL MARIJUANA THAT IT CULTIVATES.

Any person licensed pursuant to 12-43.3-404 C.R.S, with an Optional premises Cultivation license, shall use 100% of the medical marijuana it cultivates for only those purposes described in section 12-43.3-104(9) and it shall be unlawful to sell, give away or transfer any of the marijuana that it cultivates in any other form, substance or matter to any person.